

(h) *Basis of payment for Pool Certificates.* All payments on a Pool Certificate are due pursuant to terms, conditions, and percentages set forth or referenced therein and are based on the unpaid principal balance of the Pool represented by the Pool Certificate. Any Pool Loan Receivables applicable to a Loan Interest in the SBA-guaranteed portion of a Pool will be passed through to the appropriate Pool Investors with the regularly scheduled payments to such Pool Investors.

(i) *Pool Certificate interest rate.* A Pool Certificate must have a Weighted Average Interest Rate.

(j) *Pool Certificate maturity.* A Pool Certificate must have a Maturity and a Weighted Average Maturity.

(k) *Early Pool Certificate redemption.* SBA, or the CSA on behalf of SBA, may redeem a Pool Certificate prior to its Maturity because of Obligor prepayment and/or SBA purchase of all Loan Interests in the Pool backing the Pool Certificate.

§ 120.1709 Transfers of Pool Certificates.

(a) *Transfer of Pool Certificates.* A Pool Certificate is transferable. A transfer of a Pool Certificate must comply with Article 8 of the Uniform Commercial Code of the State of New York. The seller may use any form of assignment acceptable to SBA and the CSA. The CSA may refuse to issue a Pool Certificate until it is satisfied that the documents of transfer are complete.

(b) *Transfer on CSA records.* In order for the transfer of a Pool Certificate to be effective, the CSA must reflect the transfer on its records.

(c) *Contents of letter of transmittal for Pool Certificate.* A letter of transmittal must accompany each Pool Certificate which a Pool Investor submits to the CSA for transfer. The Pool Investor must supply the following information in the letter:

- (1) Pool number;
- (2) Pool Certificate number;
- (3) Name of purchaser of Pool Certificate;
- (4) Address and tax identification number of the purchaser;
- (5) Name, e-mail address and telephone number of the person handling or facilitating the transfer; and

(6) Instructions for the delivery of the new Pool Certificate.

(d) *CSA transfer cost recovery.* At the same time a Pool Investor submits a letter of transmittal for a Pool Certificate pursuant to this section, it must send to the CSA sufficient funds to cover its cost for this service. The CSA will supply the transfer information to the Pool Investor.

§ 120.1710 Central servicing of the Program.

(a) *Pool Certificates and Receipts issued at Pool formation.* As part of its role as Central Servicing Agent for the Pool, at Pool formation, CSA issues a Seller Receipt to the Seller, a Pool Originator Receipt to the Pool Originator, and a Pool Certificate to each Pool Investor.

(b) *CSA fiscal transfer responsibilities.* All Pool Loan Receivables on a Pool Loan received by the CSA must be forwarded by it to pay the Servicing Retention Amount, Ongoing Guarantee Fee, Seller Receipt, Pool Originator Receipt, Pool Certificates, any SBA-purchased Loan Interest, and any other payment applicable to the Pooling of such Pooled Loan, in accordance with Program Rules and Regulations.

(c) *Administration of the Pool Certificates.* CSA must administer each Pool Certificate. It shall maintain a registry of Pool Investors and other information as SBA requires. CSA registers all Pool Certificates. This means it issues, transfers title to, and redeems them. It shall maintain a registry of Pool Investors and other information as SBA requires. In fulfilling its obligation to keep the central registry current, the CSA may, with SBA's approval, obtain any necessary information from the parties involved in the Program.

(d) *CSA Monthly Report.* CSA must provide SBA with a list, by Pool, of each Loan Interest with an underlying Pool Note that is 60 days or more in arrears on a monthly basis.

§ 120.1711 Suspension or termination of Program participation privileges.

(a) *Participant suspension or termination.* The SBA may suspend or terminate the privilege of a Participant, and/or any Associate or Affiliate of the Participant, to sell, purchase, broker, or deal in Pool Loans, Loan Interests,